

**House Report 109-495 - DEPARTMENTS OF TRANSPORTATION,
TREASURY, AND HOUSING AND URBAN DEVELOPMENT, THE
JUDICIARY, DISTRICT OF COLUMBIA, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, 2007**

ADDITIONAL VIEWS OF HON. JOHN W. OLVER

Although there are serious deficiencies in the bill adopted by the Committee, it is a substantial improvement over the insufficient budget that was requested by the President for the agencies and programs funded within the Transportation, Treasury, Housing and Urban Development, the Judiciary, District of Columbia and Independent Agencies subcommittee. The President's FY 2007 budget included significant cuts to aviation, essential air service, intercity passenger rail, public housing and community development programs below the Fiscal Year 2006 enacted level. In total, the President recommended nearly \$3 billion in reductions to programs under the Subcommittee's jurisdiction.

Despite the Subcommittee's allocation, the bill manages to reject at least some of the program reductions proposed by the President. For example, the bill restores a total of \$306.9 million in funding for housing programs for the elderly and disabled which brings the programs up to the level funded in FY 2006. In addition, the bill includes \$4.2 billion for the Community Development Block Grant program which represents a slight increase of \$22 million above the FY 2006 level. The \$1.17 billion increase above the President's request will fund activities to serve over 6 million low- and moderate-income persons.

With regard to transportation funding, the bill meets the aviation, highway and transit funding guarantees mandated by Vision 100 and SAFETEA-LU. As such, the bill includes \$3.7 billion for airport grants and \$3.11 billion for the Federal Aviation Administration's air traffic control modernization program required by Vision 100. The bill also includes a \$16 million increase for additional aviation safety inspectors. These funding levels represent dramatic increases above the President's budget request and significant increases above last year's level. As required by SAFETEA-LU, the bill includes \$104 million in additional funding for transit and highway safety programs.

A careful review of the bill, however, illuminates how the requirement to meet the transportation funding guarantees, combined with an inadequate level of discretionary resources, resulted in programmatic reductions or eliminations in virtually every other title of the bill. Simply put, it is exceedingly difficult to balance the resource needs of all of the agencies and programs included in the Subcommittee's broad and far-reaching jurisdiction when a significant portion is protected in a legislative lockbox and the rest have to fight for scarce remaining discretionary resources. This is not

intended to denigrate the importance of investing in our nation's transportation infrastructure but rather a budgetary reality and challenge that the Committee must face. Housing programs for the poor are forced to compete with the funding needs of the Federal Judiciary; programs which support the war on drugs; the Federal payments for the District of Columbia; and numerous other agencies and programs that fall within the jurisdiction of the Subcommittee.

AMTRAK

The annual battles over funding for the National Passenger Railroad Corporation (Amtrak) have become so familiar that there is an element of déjà vu. The bill includes \$900 million for Amtrak which is \$394 million below the FY 2006 enacted level. Amtrak's own Board of Directors, each of whom were appointed by President Bush, stated that Amtrak needs \$1.598 billion in Fiscal Year 2007 in order to maintain service and for capital investments needed to assure basic safety and reliability of the passenger service.

It is certain that the Committee's funding level for Amtrak is woefully insufficient to ensure that our nation will continue to enjoy a nationwide intercity passenger rail system. Indeed, the funding level included in the Committee bill, if enacted, require a significant review of Amtrak's current operations and a restructuring of the railroad's route system.

Over the last few years, there has been a consistent call by the Administration and majority party for Amtrak reform. Despite the fact that Amtrak is now on its third chief executive officer in less than four years and has not had a full Board of Directors in nearly three years, Amtrak--even with changing leadership--has made some significant reforms and progress. For example, Amtrak's ridership has increased nearly 11 percent and reduced its corporate debt by nearly the same percentage. In addition, Amtrak's injury rate has been reduced by 40 percent in two years which is a testament to the safety practices of Amtrak's dedicated workforce.

During the current fiscal year, Amtrak started to make reforms to the food, beverage and first class service as required in last year's bill. The Fiscal Year 2007 bill requires Amtrak to make additional reforms to the Amtrak's food, beverage and first class services so that these services are revenue neutral by October 1, 2008. The results of last year's reforms are not yet fully known and therefore cannot be assessed. In addition, the bill requires Amtrak to reduce its system overhead expenses by 10 percent annually.

The funding level provided in the bill would require Amtrak to achieve savings of \$394 million in a single year. This is an unrealistic and unachievable goal. The Democratic alternative amendment that was offered and defeated in Committee would have provided Amtrak with an additional

\$400 million, of which \$300 million would have been dedicated toward Amtrak's capital needs and \$100 million in efficiency incentive grants.

HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

As mentioned above, the Committee bill reformed some cuts to housing and community development programs. In particular, the bill increases funding for the community development block grant program slightly above last year.

The Committee bill has made substantial increases in the following areas:

Homeless Assistance grants are increased by \$209 million, or 16%, over Fiscal Year 2006;
The HOME Investment Partnerships program is increased \$159 million, or 9%, over FY 06; and,
The Housing Opportunities for Persons with AIDS program is increased by \$14 million, or 5%, over FY 06.

But there are also some serious problems in other housing and community development programs in of the bill:

Community Development Financial Institutions (CDFI) Fund: The bill includes \$40 million for the CDFI Fund, a cut of \$14.5 million, or 26.6%, below last year. While the bill is an improvement on the President's request, which sought to cut the program down to just \$7.8 million, the program has steadily declined in funding since FY 2001, when it received \$118 million. CDFI provides funding for activities of local financial institutions who invest in redevelopment activities in economically-depressed areas, and every dollar of federal funding leverages 21 dollars in private investment.

Housing for the Elderly is funded at last year's level of \$735 million. While the bill wisely rejects the President's proposal to cut this program by more than 25%, the resource needs for elderly housing continue to grow as the baby boom population ages.

Housing for Persons with Disabilities is funded at last year's level of \$237 million. Again, the bill wisely did not agree to the proposal of the President, who sought to cut the program by 50%, yet the funding level in the bill is still \$18 million, or 7%, below what was provided in Fiscal Year 2004.

Tenant-based rental assistance: The bill contains a cut of \$100 million below the President's request for funding for renewals of tenant-based vouchers. Specifically, the cut is targeted at the administrative funding for Public Housing Authorities to administer the tenant-based rental assistance program, which is cut from \$1.28 billion in the request, down to \$1.18 billion.

Project-based rental assistance: Funding for renewals is cut \$200 million, or 3.6% below the President's request of \$5.5 Billion. This cut could translate into as many as 34,000 fewer families receiving housing assistance.

Rural Housing and Economic Development: This program provides resources to support comprehensive community development efforts in rural communities. It received \$16.8 million in FY 06, but the Committee's bill adheres to the President's budget request zeroing out the program.

The Public Housing Capital Fund is funded at \$2.18 billion, a reduction of \$261 million, or 10.7%, below FY 06. Funding for this account has declined steadily since FY 2001, when \$3 billion was provided. There is a \$20 billion backlog in public housing capital repair needs that this funding level would not address.

The Public Housing Operating Fund is level funded, at \$3.56 Billion. The Administration requested \$3.56 Billion as well, yet HUD's own budget documents report that the request will cover just 85% of the overall public housing operating requirement. In addition, the HUD budget submission does not take into account the increases in utilities costs that public housing authorities have experienced, and thus some argue that this funding level will only cover 78% of the operating requirement. Clearly we need to do far more for the Public Housing Operating Fund than this bill provides.

HOPE VI: HUD's program for revitalizing severely-distressed public housing is zeroed out in the Committee bill. Here again, the Committee bill adheres to the President's request to zero out HOPE VI. This is the fourth year in a row that the Administration has proposed eliminating the program. I am disappointed that the majority is once again attempting to eliminate this valuable program. The program received strong bipartisan support during House Floor consideration of last year's T-THUD appropriations bill, and I am hopeful that we can work together to restore funding to the program as we move forward.

Other housing and community development deficiencies: The bill cuts funding for Fair Housing Activities by \$1 million, or 2.2% below the FY 06 level. Funding for Lead-based Paint and Hazard Reduction is cut by \$35.6 million, or 23.7%, below last year. In addition, the bill eliminates funding for Brownfields Redevelopment, Section 108 Loan Guarantees, Empowerment Zones, and La Raza activities. I am hopeful that we can address these issues as the process moves forward.

Last year's Committee report recognized that the `snapshot' funding formula may have had an adverse impact on some public housing agencies in the section 8 voucher program. Public housing agencies who have lost funding under this formula are assisting as many as 100,000 fewer families than would have been the case had the `snapshot' funding formula never been

implemented in the first place. I am hopeful that Congress will soon reform the flawed funding formula for the tenant-based voucher program.

FULL COMMITTEE AMENDMENT

During Full Committee consideration of the bill, I offered an amendment that would have increased funding for several critical areas of the bill. The funding would have been completely offset by slightly reducing the size of the tax cut for millionaires. I am disappointed that the majority rejected my amendment. The amendment would have provided the following increases:

- \$400 million more for Amtrak;
- \$40 million more for the Community Development Financial Institutions Fund;
- \$144 million more to restore the cut in Tenant-based housing vouchers;
- \$261 million more for the Public Housing Capital Fund;
- \$636 million more for the Public Housing Operating Fund, which is the amount that HUD's own budget admits its request leaves 'unfunded';
- 100 million for the HOPE VI program;
- \$30 million for Rural Housing and Economic Development;
- \$65.4 million more for Housing for the Elderly; and
- \$24.4 million more for Housing for Persons with Disabilities.

OTHER ASPECTS OF THE BILL

The bill's overall funding for the Internal Revenue Service is just 0.9% above the enacted level for FY 06. I am concerned that we are not providing enough resources both for IRS services to taxpayers and for tax law enforcement, and I am hopeful that we can address these needs as the process moves forward.

The bill does not contain any funding for the Youthbuild program. There is a pending proposal to transfer the program from the Department of Housing and Urban Development to the Department of Labor. I understand that the subcommittee on Labor, Health and Human Services, and Education intends to fund Youthbuild in the Fiscal Year 2007 Labor-HHS-Education appropriations bill, and I welcome that.

The bill provides \$575.2 million for the Federal payments to the District of Columbia. Included within this total is a \$23 million increase to the D.C. Courts for the renovation of the Old Courthouse. The President's budget only requested \$7 million for this purpose. The completion of the Old Courthouse will alleviate the cramped quarters in the Moultrie Courthouse.

The bill does not include funding for the Navy Yard Metro within the District of Columbia portion of the bill, however, I am pleased that funding for this project was included within the Federal Transit Administration's capital investment grant account.

In addition, the bill continues a provision included in last year's bill which allows the District of Columbia to administer locally generated funds. I am disappointed, however, that the bill continues to carry a variety of provisions which limit the District's ability to exercise home rule. In particular, it is disappointing that the provision prohibiting the District of Columbia from using its own local resources to utilize every available tool to fight the spread of HIV/AIDS. The District of Columbia has the highest incidence of new AIDS cases of all large cities in the country and a rate eleven times higher than the national average.

The Committee bill does not include any funding for the Office of Personnel Management's retirement system modernization program. The Office of Personnel Management currently manages 144,000 drawers of paper records for federal employees. It is critical that adequate resources are provided to improve the processing of federal retiree annuities. As the bill moves forward, these resources must be restored.

Among the independent agencies, the National Historical Publications and Records Commission grant program that is administered by the National Archives and Records Administration is funded at \$7.5 million, the same level as Fiscal Year 2006. This program helps state, local and private institutions preserve records and publish important documents in our nation's history and I am pleased that the Chairman restored funds for this program.

The bill also includes a \$2 million increase for the National Transportation Safety Board (NTSB). The NTSB serves an important investigatory and safety function in determining the causes of major transportation crashes. The increase provided in the bill will allow the NTSB to hire additional investigators and safety experts.

Finally, I am pleased that the bill includes two general provisions that benefit our nation's dedicated federal workforce. The first provision will ensure that civilian and military federal employees will receive a 2.7 percent increase in pay. The second provision continues the competitive sourcing provision that was included in last year's bill.

CONCLUSION

The bill adopted by the Committee improves upon the budget presented by the President, however, it still needs much work to address the problems that remain. I will continue to seek improvements outlined above as this bill moves through the Congress.

JOHN W. OLVER.

